

Kentucky Higher Education

Student Loan Corporation

December 31, 2003

Kentucky Higher Education Student Loan Corporation
Financial Statements
December 31, 2003
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Kentucky Higher Education Student Loan Corporation
Balance Sheet by Fund
December 31, 2003

	Education Finance Funds				Operating Fund	Combined Total
	1983 General Bond Resolution	1997 General Bond Resolution	1999 Line of Credit	Total		
Assets						
Loans	\$158,849,709	\$710,591,389	\$17,280,786	\$886,721,884	\$1,557,449	\$888,279,333
Less Allowance for Student Loan Loss	(252,383)	(743,178)	(7,954)	(1,003,515)	(1,557,449)	(2,560,964)
Cash and Cash Equivalents	58,384,113	147,983,533	12,646,083	219,013,729	9,643,896	228,657,625
Investments	0	0	0	0	5,186,182	5,186,182
Accounts Receivable and Prepaid Expenses	34,299	68,813	75,646	178,758	3,116,647	3,295,405
Accrued Interest Income	4,384,495	12,293,424	66,871	16,744,790	6,394	16,751,184
Deferred Bond Issuance Costs, Net	768,699	4,009,447	0	4,778,146		4,778,146
Deferred Loan Purchase Premiums and Origination Costs, Net	490,739	11,178,568	263,706	11,933,013		11,933,013
Deferred System Development Costs, Net					50,238	50,238
Fixed Assets, Net					2,084,557	2,084,557
Interfund Receivables (Payables)	246,782	(729,831)	(222,617)	(705,666)	705,666	0
Total Assets	\$222,906,453	\$884,652,165	\$30,102,521	\$1,137,661,139	\$20,793,580	\$1,158,454,719
Liabilities						
Revenue Bonds/Note Payable	\$157,630,000	\$855,650,000	\$29,770,000	\$1,043,050,000		\$1,043,050,000
Accounts Payable and Accrued Expenses	198,614	1,737,140	382,096	2,317,850	\$7,199,918	9,517,768
Accrued Interest Expense	256,916	826,898	0	1,083,814		1,083,814
Allowance for Arbitrage Liabilities	17,694,123	2,308,315	0	20,002,438		20,002,438
Total Liabilities	175,779,653	860,522,353	30,152,096	1,066,454,102	7,199,918	1,073,654,020
Net Assets						
Restricted	47,126,800	24,129,812	(49,575)	71,207,037	0	71,207,037
Unrestricted	0	0	0	0	13,593,662	13,593,662
Total Net Assets	47,126,800	24,129,812	(49,575)	71,207,037	13,593,662	84,800,699
Total Liabilities and Net Assets	\$222,906,453	\$884,652,165	\$30,102,521	\$1,137,661,139	\$20,793,580	\$1,158,454,719

(1) The capitalization ratio for the Education Finance Funds, representing total net assets divided by total assets, is 6.26%.

(2) All net assets of the Education Finance Funds are reserved for debt service on revenue bonds and notes.

(3) The Operating Fund cash balance includes a restriction of \$4,252,809 representing loan receipts due to clients.

(4) Pursuant to action of the Board of Directors, unrestricted retained earnings at December 31, 2003 includes \$11,394,627 representing a reservation of funds equal to one-half of the Corporation's budgeted operating expenses for the fiscal year.

(5) The balance sheet does not include \$3,997,403,798 of loans serviced and \$174,704,177 of defaulted loans being collected, both of which are not owned by the Corporation.

Kentucky Higher Education Student Loan Corporation
Statement of Revenues, Expenses, and Changes in Net Assets by Fund
Six Months Ended December 31, 2003

	Education Finance Funds					
	1983 General Bond Resolution	1997 General Bond Resolution	1999 Line of Credit	Total	Operating Fund	Combined Total
Revenues:						
Interest on Loans	\$6,415,487	\$13,806,702	\$41,147	\$20,263,336	\$24,035	\$20,287,371
Late Payment Penalties	36,547	135,660	0	172,207	235	172,442
Interest on Investments	255,267	698,914	15,190	969,371	57,852	1,027,223
Commission/Cost Reimbursement on Debt Recovery					1,060,042	1,060,042
Servicing Fees					3,344,684	3,344,684
EFF Service/Administration Fees					5,720,794	5,720,794
Total Revenues	6,707,301	14,641,276	56,337	21,404,914	10,207,642	31,612,556
Expenses:						
Interest on Bonds and Note	2,004,050	4,664,438	43,399	6,711,887		6,711,887
Amortization of Bond Issuance Costs	69,772	76,346	0	146,118		146,118
Variable Bond Credit Facility and Remarketing Fees	134,421	1,127,319	41,255	1,302,995		1,302,995
Provision for Arbitrage Liabilities	(1,213,345)	50,000	0	(1,163,345)		(1,163,345)
Provision for Student Loan Losses	63,411	307,049	7,974	378,434	382,491	760,925
Amortization of Loan Purchase Premiums and Origination Costs	106,213	1,321,202	0	1,427,415		1,427,415
Depreciation and Amortization					583,711	583,711
Federal Consolidation Loan Fee	276,564	800,142	11,916	1,088,622		1,088,622
Personnel and Professional Services					5,797,394	5,797,394
Technical Services					866,247	866,247
Postage, Printing, and Telecommunications					977,830	977,830
Miscellaneous Services, Office, and Equipment					972,810	972,810
Finance and Accounting Services					412,244	412,244
Servicing and Administration Fees	989,416	4,731,378		5,720,794	0	5,720,794
Other Expenses	1,314,257	257,412	1,368	1,573,037	221,430	1,794,467
Total Expenses	3,744,759	13,335,286	105,912	17,185,957	10,214,157	27,400,114
Operating Income (loss)	2,962,542	1,305,990	(49,575)	4,218,957	(6,515)	4,212,442
Transfer (to) from Other Funds:						
Interfund Transfers	0			0		0
Transfer to KHEAA	(3,000,000)	0	0	(3,000,000)		(3,000,000)
Increase (decrease) in Net Assets	(37,458)	1,305,990	(49,575)	1,218,957	(6,515)	1,212,442
Net Assets at Beginning of Year	47,164,258	22,823,822	0	69,988,080	13,600,177	83,588,257
Net Assets at End of Period	\$47,126,800	\$24,129,812	(\$49,575)	\$71,207,037	\$13,593,662	\$84,800,699

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